HEALTH POLICY FRAMEWORK

February 2006

Alberta

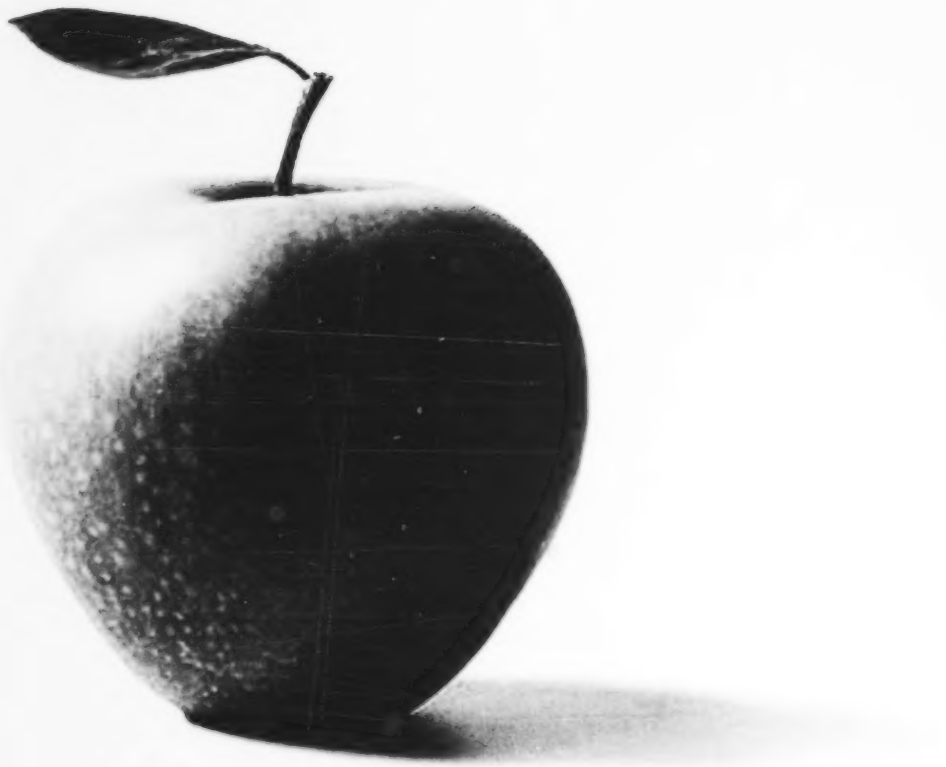

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TABLE OF CONTENTS

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MESSAGE FROM THE PREMIER OF ALBERTA 01

MESSAGE FROM THE MINISTER OF HEALTH 01

EXECUTIVE SUMMARY 02

INTRODUCTION 04

VISION 06

VALUES 06

HEALTH SYSTEM PRINCIPLES 07

Values of Alberta's Health System 08

DIRECTIONS FOR MOVING FORWARD 09

1. Putting Patients at the Center 09
2. Promoting Flexibility in Scope of Practice of Health Professionals 09
3. Implementing New Compensation Models 10
4. Strengthening Inter-regional Collaboration 11
5. Reshaping the Role of Hospitals 12
6. Establishing Parameters for Publicly Funded Health Services 13
7. Creating Long-Term Sustainability and Flexible Funding Options 14
8. Expanding System Capacity 15
9. Paying for Choice and Access while Protecting the Public System 15
10. Deriving Economic Benefits from Health Services and Research 16

SUMMARY: EMBRACING THE FUTURE 17

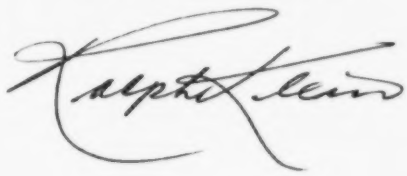
APPENDIX I 18

Alberta

MESSAGE FROM THE PREMIER OF ALBERTA

"It starts with the fundamental commitment that a person's ability to pay will never determine their ability to access health care in Alberta."

Premier Ralph Klein.



MESSAGE FROM THE MINISTER OF HEALTH

"The Alberta government is committed to a strong public health care system that will be there for our children and grandchildren in the years ahead. The ideas presented in this Health Policy Framework build on what we have heard going back even before the Mazankowski Report of 2001. They are designed to strengthen our health care system. We are listening to Albertans and as we move forward, we will evaluate, gather evidence and make adjustments."

Health and Wellness Minister Iris Evans.

EXECUTIVE SUMMARY

Albertans place great value on their health system. They have told their government that they expect the health system to provide them with high quality care and to ensure that they have access to prompt and effective treatment. Albertans also want their health system to be sustainable and affordable. Albertans accept the Canada Health Act principles of comprehensiveness, universality, accessibility, portability and public administration; however, they view these principles as part of a larger framework of values and beliefs. The values of Albertans include: (1) patient-focused health care; (2) delivery of quality health services; (3) timely and fair access to services; (4) accountability for sound evidence-based investments, fiscal management and responsive service; and (5) increased choice and control over one's own health and wellness. The purpose of this Health Policy Framework is to provide health system leaders and governors with the needed support and guidance as they tackle some of the difficult challenges and search for ways to better organize, deliver and pay for health services.

DIRECTIONS FOR MOVING FORWARD

Innovative policy directions are needed to guide the evolution of the health system in ways that will put it on a more sustainable footing while responding to the values and expectations of Albertans. These ten policy directions are not stand-alone. They are all related and progress must be made on each one to achieve the intent of the policy framework.

1. Putting Patients at the Center

New directions and strategies for the continuous improvement and development of the health system will give priority to the interests of the people being served. Albertans will be encouraged to play an active role in maintaining and improving their own health and in deciding on appropriate care and treatment.

2. Promoting Flexibility in Scope of Practice of Health Professionals

Alberta's new legislation governing the health professions provides greater flexibility in terms of the scope of practice of the various professions as a means of promoting greater innovation. Alberta will continue to work with health professions to take full advantage of the opportunities that the Health Professions Act has made possible. Team approaches to care will be promoted in areas that provide the greatest benefit. Mechanisms will be developed to determine the most responsible caregiver in each particular situation and to ensure that care is seamless and meets high standards of proficiency and quality.

3. Implementing New Compensation Models

Alberta will develop alternative compensation structures and models that provide incentives for quality of care, efficiency and inter-professional collaboration. These compensation models should be based on the achievement of measurable health outcomes and compliance with indicators of quality. New compensation models should also contribute to recruitment and retention strategies and take into account changes in clinical practice resulting from such initiatives as telehealth and the Electronic Health Record. Successful implementation of alternative compensation models also will require consultation and negotiation with professional associations.

4. Strengthening Inter-regional Collaboration

Regional health authorities and Alberta Health and Wellness will collectively plan for the delivery of health services and the establishment of shared service networks throughout the province. Building on the successful implementation of the heart institute and the bone and joint institutes, Alberta will continue to support the establishment of such institutes so as to combine leading edge research with advanced clinical care.

5. Reshaping the Role of Hospitals

The collective planning process between regional health authorities and Alberta Health and Wellness will include options for changing the role of urban and rural hospitals so as to provide better and more responsive service to Albertans. Changes may include shifting some day surgery and ambulatory care services to community settings, delivering

more services through private surgical facilities, linking some rural hospitals to urban hospitals for the provision of less complicated acute or follow-up care and converting small rural hospitals to centres of multi-disciplinary primary care. If necessary, regulatory changes will be made.

6. Establishing Parameters for Publicly Funded Health Services

Public funding will still be used for the essential kinds of health services. Alberta will build on the work already completed to implement the recommendations of the Expert Advisory Panel to Review Publicly Funded Health Services. Services and benefits which are discretionary, are not of proven benefit or are experimental in nature may not qualify for public funding.

7. Creating Long-Term Sustainability and Flexible Funding Options

Alberta will closely examine how various alternative funding models for health related benefits and services, such as prescription drugs, continuing care, dental care, allied (non-physician) health services and non-emergency acute care services, would work in this province. Appropriate legislative changes will be introduced to ensure long term sustainability and flexible funding options.

8. Expanding System Capacity

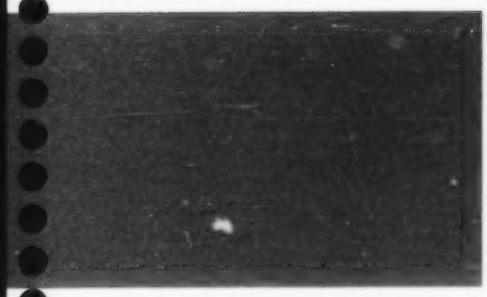
Where it makes sense, in response to identified needs, Alberta will expand system capacity and consumer choice in both the public and private delivery systems. The supply of skilled health professionals will be increased by providing on-site training opportunities in both public and private facilities in cooperation with professional teaching institutions.

9. Paying for Choice and Access while Protecting the Public System

Service providers will be encouraged to find innovative ways of providing improved consumer choice – provided that these innovations do not adversely affect the provision of essential services through the public health system. Mechanisms will be required to closely monitor the impact of the private system on the public health system to enable corrective action to be taken to safeguard the public system if necessary. Prohibitions in the Alberta Health Care Insurance Act that prevent physicians from "opting-out" in certain circumstances will be replaced with provisions that will not adversely affect the delivery of services within the public system.

10. Deriving Economic Benefits from Health Services and Research

Alberta will capitalize on its world class health service and research facilities and will encourage and assist in the national and international marketing of intellectual property and innovations developed in Alberta.



INTRODUCTION

Albertans place great value on their health system. They have told their government that they expect the health system to provide them with high quality care and to ensure that they have access to prompt and effective treatment. They expect the health system to provide safe care and protect them from emerging threats to public health. They also expect the system to be a trusted source of reliable information on how people can take good care of their own health and the health of their families. Albertans also want their health system to be sustainable, affordable and always ready to provide services whenever the need arises.

Alberta's Third Way approach to health care renewal not only responds to these expectations, it seeks to engage Albertans in building the health system of the future. It challenges us to learn from the best, to be imaginative and open to new ways of organizing, delivering and paying for health services. The Third Way has been built on the ideas and input of Albertans – community groups, health professionals and elected representatives – as well as international experts. Many opportunities for consultation and careful reflection have occurred. Extensive public consultation took place during Health Summit '99 and before and after the release of the report of the Premier's Advisory Council on Health (December 2001). The Alberta Symposium on Health, held in Calgary in May 2005, was attended by international experts and hundreds of Albertans representing diverse organizations and interest groups. It was extensively covered by the media and broadcast live via the internet. In July 2005, the Premier of Alberta and the Minister of Health and Wellness jointly announced and invited public comment on a series of Third Way initiatives referred to as "Getting on with Better Health Care."

In common with other Canadians, Albertans believe in a universal, publicly funded health system. They understand that high quality, accessible health care is expensive and consumes a large proportion of their tax dollars. At the same time, they place great value on the peace of mind that comes from not having to worry about paying directly for medical and hospital treatment if they should ever need it. They do not want to go back to the times before Medicare when ordinary people worried a great deal about the financial consequences if they or a family member ever became ill or injured.

In charting a course for the future, it is important to begin by understanding where we are today and highlights of the journey taken thus far. In Alberta between 1940 and 1969, there were a number of private or employer-based health insurance plans which offered some protection to subscribers for health services such as medical, surgical and obstetrical care. In general, however, people did not view government as being responsible for paying for all their health care needs. Universal health care insurance was first introduced into Alberta in 1969 when the Alberta Health Care Insurance Act was passed. Since then, Albertans have come to expect more and would like the public system to take care of the majority of their health needs throughout their lives. Part of the explanation for this lies in the way Canadians have come to view the Canada Health Act which was passed by the federal parliament in 1984. The Canada Health Act is based on a set of five principles: comprehensiveness, universality, accessibility, portability and public administration. The interpretation of these principles has gradually been expanded over time. Many believe that it is the government's duty to provide all services and benefits needed to support their health. These expectations, combined with demographic changes associated with a growing and aging population, have led to ever increasing demands and expectations – to the point where people are seeing evidence that the health system is becoming overstretched and not always able to meet their needs in a timely and effective manner. This impression is reinforced any time people have to wait long hours to be seen in a crowded hospital emergency department, or whenever they hear of someone with suspected cancer waiting a long time for diagnostic and treatment procedures.

A major milestone for Alberta was the establishment of the Premier's Advisory Council on Health in August 2000. Its mission was to provide strategic advice to the Premier on the preservation and future enhancement of

"THE HEALTH POLICY FRAMEWORK CHALLENGES US ALL TO THINK "OUT OF THE BOX" AS WE SEARCH FOR WAYS TO BETTER ORGANIZE, DELIVER AND PAY FOR HEALTH SERVICES."

quality health services for Albertans and on the continuing sustainability of the publicly funded health system. The Council released its report A Framework for Reform in December 2001. The report provided a comprehensive package of recommendations designed to put the health system on a sustainable foundation for the future. The report was not about quick fixes to the current fiscal challenges in the health system. Instead, it focused on the best ways of sustaining the system over the longer term. As detailed in Appendix I, most of the recommendations of the Premier's Advisory Council on Health have been implemented. The achievements that have been made have put Alberta on a solid foundation for the future, and allow the province to make the continual improvements needed for the public health care system to become more efficient, affordable and capable of providing the highest possible quality of care.

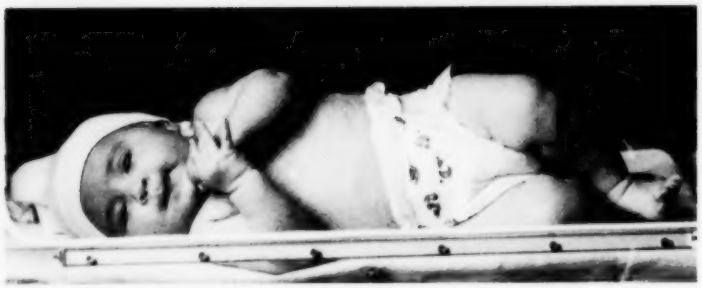
In January 2005, Premier Klein reaffirmed Alberta's commitment to renewing the health system by announcing that this province will chart a Third Way for health system renewal. As the Premier explained, the Third Way is not about rigid adherence to the status quo, nor is it about introducing American-style health care. Rather, it is about learning from the best health systems in the world and keeping an open mind to innovation, flexibility and new ways of doing things. Government's first priority would be to take action to immediately implement the remaining recommendations of the Premier's Advisory Council on Health.

In May 2005 in Calgary, the provincial government hosted the Alberta Symposium on Health. The symposium provided a unique opportunity for representatives of Alberta's health region leaders, communities, health organizations and professional groups to exchange information and experience and consult with international experts. Some of the important lessons learned at the symposium were: (1) there is no single solution to health care, but rather improvements must evolve over time, (2) improvements must focus on the patient and emphasize evidence-based outcomes, and (3) solutions must meet the expectations and values of the society in which they take place.

Another important milestone took place in June 2005 when the Supreme Court of Canada made a decision in the Chaoulli case. This decision is expected to have profound implications for Canada's health system in the years to come. The court found that it is unconstitutional for the Province of Quebec to pass laws which prevent the sale or purchase of private health insurance options when the province's public health system is unable to provide the care needed within a reasonable amount of time. The implication for Alberta is that there is an opportunity to relax some of the rules prohibiting the sale of private insurance for publicly insured health services and to seek a new balance between the goal of protecting the public system and the goal of allowing flexibility in meeting the needs and priorities of citizens.

Albertans expect to have choice in the type of services available to them and the manner in which they are delivered. They also have shown a willingness to pay for the privilege. If the public health system does not meet their needs or expectations, they feel that they should have the ability to choose other options – including the option of paying privately for quicker access. In an effort to avoid lengthy delays for diagnostic and treatment services, some Albertans have chosen to obtain services out of country, while others have sought to pay directly for services such as Magnetic Resonance Imaging scans.

The purpose of this Health Policy Framework is to provide health system leaders and governors with the needed support and guidance as they tackle some of the difficult challenges of the twenty-first century. Lasting solutions will be found in broader thinking and creativity, not in continuing the demands for more funding from the public treasury. The Health Policy Framework challenges us all to think "out of the box" as we search for ways to better organize, deliver and pay for health services. It is hoped that this framework will lead the way toward a more sustainable and responsive health system for Albertans now and in the years to come.



VISION

Alberta is a world leader in health and wellness, and open to continuous improvement based on the best ideas and innovations, and a shared responsibility for quality, responsive service.

VALUES

Alberta's world class health care system will evolve and will be guided by the following values:

(1) Patient-focused health care;

(2) Delivery of quality health services;

(3) Timely and fair access to services;

(4) Accountability for sound evidence-based investments, fiscal management and responsive service; and

(5) Increased choice and control over one's own health and wellness.

Alberta's Third Way for health care creates an environment in which this vision can be achieved and guided by these values.

HEALTH SYSTEM PRINCIPLES

In Canada, the Canada Health Act authorizes the federal government to make transfer payments to the provinces and territories for the provision of "insured" hospital and physician services. These transfer payments are subject to compliance with five principles: comprehensiveness, universality, accessibility, portability and public administration. Albertans view these principles as part of a larger framework of values and beliefs about how their health system should perform, not simply as eligibility criteria for federal-provincial transfer payments. The Alberta government strongly supports these principles and views them as fundamental to the future evolution of the health system in this province. Policy directions for guiding the future development of Alberta's health system should reflect these principles, but also take into account other values of Albertans and the Alberta Advantage. Alberta is a prosperous and dynamic province with a rapidly growing population and a diversified, resource-based economy. Albertans recognize that they must be able to compete in the global market place and, as a result, have adopted many proactive strategies for ensuring future sustainability and well-being.

Values of Alberta's Health System

(1) Patient-focused health care

The health system is a public good that exists for the people it serves. It must be service oriented and people-focused. People must feel respected as partners in decision making. Patients must be allowed to make choices based on full and complete information. The system must treat people as individuals and respond to their unique needs and circumstances. This does not mean, however, that the public system will be able to provide every service or every drug that an individual or their physician may consider beneficial. Albertans view the health system as part of a strong and effective social safety net. At the same time, the people who use the health system must be encouraged to use it appropriately and responsibly.

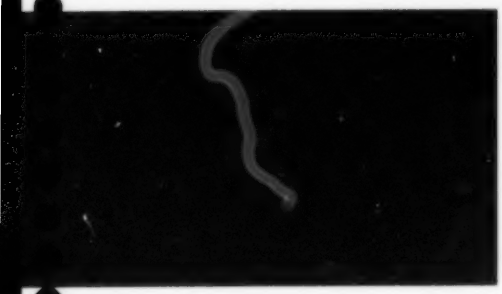
(2) Delivery of quality health services

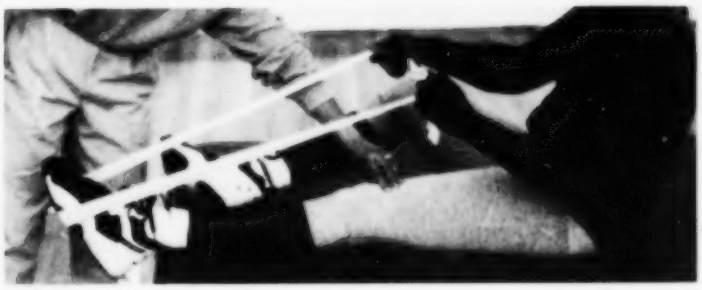
Albertans need to feel confident in their health system and in the quality of care provided. First and foremost, quality means that services must be patient-centred and meet accepted standards in terms of accessibility, appropriateness, acceptability, effectiveness, efficiency and safety.

Albertans recognize that the achievement of consistently high quality health services depends on the way the system operates and on the culture, structures and motivating factors that it engenders. Albertans need to feel that they can always trust the health care system and the services it provides. They expect to see effective processes for continuous quality improvement and for the avoidance of clinical error or harm.

(3) Timely and fair access to services

Albertans believe that they should have timely access to health services under fair and reasonable conditions. The principle of fairness goes beyond the notion of simple equality and involves such concepts as reasonableness, practicality and public interest. Fairness recognizes that people have different needs and circumstances and must be treated accordingly. Timely and fair access to Alberta's health system must allow for differing levels of clinical urgency. Albertans recognize that it may not be possible or reasonable for every geographic location to offer all the health services that a person may require. But they do expect to be able to obtain those services in other locations based on fair and reasonable criteria. Albertans expect that, provincially and regionally, health services will be based on a co-ordinated plan that takes into account Alberta's geography and the service capabilities of various health regions and facilities. Furthermore, there should be no barriers of access to essential health services based on a person's financial circumstances.





(4) Accountability for evidence-based investments, fiscal management and responsive service

Albertans expect their health system to be well planned and efficient and use resources in the most cost effective way without compromising the quality of care. Albertans expect their health system to be accountable and they want to see and understand how public funds are spent. Albertans expect value for money in terms of improved health outcomes for every dollar spent on health services and programs. They expect health authorities and health service providers to participate in collective planning for the optimum deployment of services and resources. Albertans also recognize that, in the interest of better health, we must invest appropriately in such areas as education, social development, environmental protection and economic growth. Investment in these areas has a greater impact on the overall health and well-being of Albertans than continually increasing the level of public spending on health services.

(5) Increased choice and control over one's own health and wellness

Health and wellness are lifelong pursuits. The first prerequisite for a sound health system is to ensure that children and young people develop the resiliency, coping skills and lifestyles that will ensure optimum health and vitality for the rest of their lives. The health system must support people in making changes and improvements in their lifestyle, such as diet and physical activity that promote health and well-being. Injury prevention is also critically important. Not only must the health system provide Albertans with sound information and advice, communities, families and individuals must also be prepared to play a strong role in promoting behaviours and lifestyles that maintain and improve health and create safe environments.

Albertans do not accept a "one-size-fits-all" approach to health service delivery. Albertans want the freedom to choose the type of provider and mode of service delivery that best suits their needs and circumstances. Albertans are open to having their health needs met in new and innovative ways and by different service providers. Albertans understand that choice is dependent on having enough capacity and resources in the system to allow for optional ways of organizing and delivering services. Albertans recognize that they may have to pay more in order to have additional choice. Many Albertans have shown a willingness to pay a reasonable amount for customized services – provided that they obtain added value, benefit and convenience.

DIRECTIONS FOR MOVING FORWARD

Alberta's Third Way for health system renewal is based on learning from the best health systems in the world. New policy directions are needed to guide the evolution of the health system in ways that will put it on a more sustainable footing while responding to the values and expectations of Albertans. At Alberta's Symposium on Health, held in Calgary in May 2005, it was learned that no country in the world has managed to solve all their health related issues and concerns. Countries like France, Spain, Sweden, Australia and Switzerland have developed high performing health systems based on flexible approaches to health funding and insurance. Health system leaders will be challenged to improve the performance of the health system. In many cases, this will mean tackling historical biases, preconceptions and vested interests. Alberta's Third Way for health system renewal is comprised of the following key directions.

1. Putting Patients at the Center

Policy Issue

In promoting change and innovation in the health system, it is essential to focus our attention primarily on the interests of ordinary people and patients.

Policy Intent

Although the health system exists to serve people and improve their health, this fact can sometimes be forgotten when dealing with issues of complex organizations, business and financial matters, technological change and workforce challenges. It is still important to address these issues thoroughly and completely but we must never lose sight of the health system's ultimate purpose: To improve the health and well-being of Albertans.

To many Albertans, the health system is a large bureaucratic and sometimes frightening machine. Despite the complexities and technological sophistication the health system must provide a reassuring and human face, one that inspires the confidence and trust of those being served. People need to feel respected and treated as full partners in all decisions concerning their health and treatment. As partners, they should jointly consider all the alternatives and mutually agree on the best course of action. Patients and their families need to take responsibility and an active role in becoming well informed and in making decisions on matters pertaining to their health and health care.

Although a survey conducted by the Health Quality Council of Alberta shows that Albertans are generally satisfied and confident in the care they receive, there is still room for improvement. The key to improving the confidence and satisfaction of health system users appears to lie in better communication and understanding on the part of everyone.

All health service providers, particularly those at the frontline, need to develop a strong patient-service orientation to their work. If delays and wait times are unavoidable people should be given a proper explanation of the situation and provided with reasonable options and choices. The opportunity to have some choice and a say in how health services are to be delivered is an essential part of building a more patient-focused health system.

Direction and Implementation

New directions and strategies for the continuous improvement and development of the health system will give priority to the needs of the people being served. Albertans will be encouraged to play an active role in maintaining and improving their own health and in deciding on appropriate care and treatment.

2. Promoting Flexibility in Scope of Practice of Health Professionals

Policy Issue

Alberta's legislation places limitations on the scope of practice of various health professions. Some of these limitations may impede the pursuit of more flexible and cost-effective ways of utilizing the available supply of health manpower and of matching skills to needs.

"WHEN INTRODUCING TEAM ORIENTED MODELS OF CARE, IT WILL BE IMPORTANT TO ENSURE THAT SUCH CARE IS "PATIENT-CENTRED" AT ALL TIMES. THE PATIENT SHOULD ALWAYS KNOW WHO IS DIRECTLY RESPONSIBLE FOR THEIR CARE."

Policy Intent

Physicians play a central role in Alberta's health system. A positive doctor-patient relationship is recognized as an important factor in a person's well-being and recovery from illness. Physicians are responsible for most of the decisions related to diagnostic and treatment services. While respecting the important role that physicians play in the health system, there is much that can be done to make the system more "patient-centred." A positive provider-patient relationship is an essential part of helping patients to become better informed and able to make appropriate choices in meeting their health care needs.

To make the best use of the skill and knowledge of health professionals, we need to address the issue of overlapping roles, responsibilities and scopes of practice. We need to consider removing some of the restrictions that prevent pharmacists, nurses and other professionals from making clinical care and treatment decisions appropriate to their training and knowledge. Undergraduate and continuing education programs for health providers should focus more on collaborative and team approaches to care. At the same time, we need to consider the cultural reality of health care workplaces and develop programs that support more multi-disciplinary, inter-professional and team-oriented models of care. When introducing team-oriented models of care, it will be important to ensure that such care is "patient-centred" at all times. The patient should always know who is directly responsible for their care. When responsibility is transferred from one caregiver to another, there must always be a clear method for making the transfer. Fresh approaches to professional governance and leadership will also be needed. A more "people-focused" and "relationship-centred" approach to care means that patients can always expect to receive the needed care from the most appropriate provider. Physicians would continue to play a key role, but would be able to spend more time on complex cases where their knowledge and skills are essential. Pharmacists, nurse practitioners and other professionals would assume a greater role in the delivery of primary, preventive and chronic care.

Direction and Implementation

Alberta's new legislation governing the health professions provides greater flexibility in terms of the scope of practice of the various professions as a means of promoting greater innovation. Alberta will continue to work with health professions to take full advantage of the opportunities that this legislation has made possible. A concerted effort will be needed to support this cultural change. Team approaches to care will be promoted in areas that provide the greatest benefit. Mechanisms will be developed to determine the most responsible caregiver in each particular situation, and to ensure that care is seamless and meets high standards of proficiency and quality.

3. Implementing New Compensation Models

Policy Issue

Health service providers are paid in a variety of ways. The majority of nurses are salaried employees of regional health authorities or private facilities. The majority of physicians are paid on a fee-for-service basis through the provincial health insurance plan. Physicians are compensated for individual services and activities, rather than for managing overall care and the achievement of health outcomes. The fee-for-service system provides an incentive for practitioners to maximize their clinical throughput, but does not reward them for time spent improving quality, participating in committee work, or contributing to teaching and research. The fee-for-service system is not well suited to a multi-disciplinary care environment in which each member of the team shares in the responsibility for patient care.

Policy Intent

Compensation models and the incentives they create are at the heart of the health system. It is not possible to move far in the direction of health system reform without tackling the question of how the various professionals should be paid. The present fee-for-service model may perpetuate the status quo rather than allow for more multi-disciplinary team-oriented approaches to care.

If designed appropriately, compensation models could provide incentives for improving the quality of patient care and overall performance. For example, a new compensation model based on case management (case rates) was investigated as part of the successful arthroplasty pilot project. The project resulted in improved access to hip and knee joint replacement surgery, improved utilization of operating rooms and reduced wait times. Current compensation models reward the quantity but not the quality of care. The compensation models for health service providers should be linked to the achievement of defined indicators of quality as well as being aligned with their professional role, scope of practice and, most importantly, type of practice. For example, alternative compensation models for pharmacists could be structured so as to compensate them for providing patient consultation services and for collaborating with primary care physicians. At present, most pharmacists are salaried employees of health authorities or business entities (drug stores) that charge fees for dispensing medication. Another example would be to develop compensation models for nurse practitioners and family physicians to make house calls.

The eight-year agreement (2002-2011) with the Alberta Medical Association has allowed for some movement away from the fee-for-service system through negotiated Alternate Relationship Plans or ARPs. We need to extend the scope of ARPs and other compensation models to include all members of multi-disciplinary teams. In some areas, service providers would be compensated for delivering a bundle of services to their patients. This type of compensation reduces one of the barriers to inter-professional co-operation and focuses the provider's effort on achieving the desired health outcomes. Some services packages could include: pediatrics, maternity care (pre- and post-partum care and delivery), care for diabetics, primary care and continuing care. The new compensation models should be designed to encourage appropriate use of advanced systems such as telehealth and the Electronic Health Record so that timely and accurate patient care can be provided regardless of the physical location of the patient or provider.

Direction and Implementation

Alberta will develop compensation structures and models that provide incentives for quality of care, efficiency and inter-professional collaboration. These compensation models should be based on the achievement of measurable health outcomes and compliance with indicators of quality. New compensation models also should contribute to recruitment and retention strategies and take into account changes in clinical practice resulting from such initiatives as telehealth and the Electronic Health Record. Successful implementation of innovative compensation models also will require consultation and negotiation with professional associations.

4. Strengthening Inter-regional Collaboration

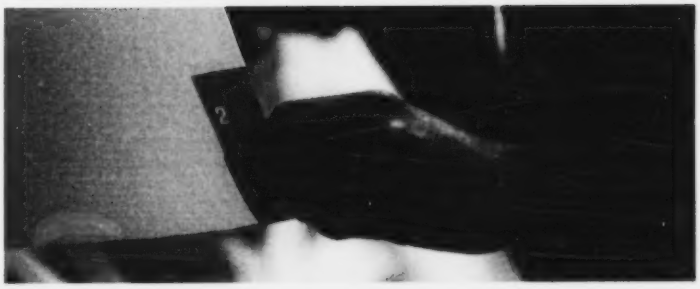
Policy Issue

Prior to regionalization, health services were poorly co-ordinated and fragmented. Patients were faced with a maze of facilities and service providers and had little help in navigating through the system. Regionalization has enabled better integration and continuity of care from one service provider to the next within the same region. Inter-facility competition was reduced and centres of excellence and specialization were developed. In addition, region-wide structures for improving quality and patient outcomes have been established and there is better linkage within each region between community-based health services and institution-based services. The present funding model, however, does not provide strong incentives to regional health authorities for collaboration and sharing of resources. Rather, the current system tends to result in competition among regions for funding and staff.

Policy Intent

Regional health authorities are mandated and funded to be responsible for providing the care and services needed by their residents. They are funded globally using a population-based model. Regional health authorities lose funds if patients are exported to other regions and they gain funds if patients are imported from other regions. They are also responsible for their own staff recruitment, professional development and

"ALBERTANS WHO RECEIVE CARE IN MORE THAN ONE REGION NEED TO FEEL THAT THEY ARE PART OF A SEAMLESS, CO-ORDINATED PROVINCIAL HEALTH SYSTEM."



for the procurement of all required goods and services. As a result, shared service arrangements are limited because of the risk of losing funds and human resources. Such competition leads to inter-regional inequities and variable wait times for essential services.

Thus, inter-regional collaboration needs to be strengthened through collective planning processes. Plans such as the provincial health service plan, the provincial mental health plan and the public health plan will allow regions to confirm their roles and responsibilities in different service areas and make optimum use of their facilities and resources. Albertans who receive care in more than one region need to feel that they are part of a seamless, co-ordinated provincial health system. Creating a seamless health system will require the referral networks between physicians and hospitals to be strengthened. Currently there is limited hand-over of patients from acute care facilities to community-based services or continuing care centres. Such provincial initiatives as the Electronic Health Record will ultimately alleviate this situation by improving the timeliness and accuracy of documented patient information and the continuity of care from one provider to another.

Direction and Implementation

Regional health authorities and Alberta Health and Wellness will collectively plan for the delivery of health services and the establishment of shared service networks throughout the province. Building on the successful implementation of the heart institute and the bone and joint institutes, Alberta will continue to support the establishment of such institutes so as to combine leading edge research with advanced clinical care.

5. Reshaping the Role of Hospitals

Policy Issue

Alberta's urban (including regional) and rural hospitals face many opportunities and challenges as they strive to meet the needs of communities in a changing society. Most urban and rural hospitals had their origins in the 1950s or earlier when Alberta's health system was less complex and less technologically advanced. In the intervening years, urban hospitals have had to adapt to increasing levels of specialization and technological sophistication. They are now called upon to provide highly specialized secondary and tertiary level care as well as primary, ambulatory and emergency care. Urban hospitals have responded to this demand; however, in some cases, this has resulted in administrative and operational complexity, overcrowding and increased wait times. Rural hospitals, on the other hand, do not have the capacity or resources needed to offer a full range of hospital services. As a result, they have sought to shift their focus to other areas of need, such as primary care and long-term care.

Policy Intent

Currently, Albertans rely on hospitals as the main source of health care services, especially outside regular physician office hours. Albertans are being encouraged to view personal health and health care in a broader context. Albertans are also beginning to appreciate the importance of their own role in achieving good health and in using the health system wisely. Programs such as Health Link Alberta, a telephone information service staffed by experienced nurses, are starting to have an impact on the way Albertans use the health system. Albertans are now beginning to see the hospital as only one component of a multifaceted system and not the primary point of entry. Health service delivery is becoming more community-based, integrated and accessible through community facilities outside the traditional hospital setting. Using wireless communications technology, it is now possible for patients living at home to have their condition monitored by a health professional located elsewhere. The range of services that can be provided in the home has also expanded. These trends need to be taken into account in reshaping the future role of urban and rural hospitals.

The first challenge is to convince people that urban hospitals do not need to be all things to all people. Their emergency

departments tend to be overcrowded and subject to long wait times. The reasons for this are complex. In part, the problem may be linked to high volumes of "non-emergency" patients – especially when common facilities are used for scheduled ambulatory care services and day surgery procedures that could be provided in community settings. If the transition is managed appropriately, Albertans would accept a more focused role for urban hospitals, one in which they would become centres of specialization concentrating on secondary and tertiary level services. In developing their strategic service plans, regional health authorities should be encouraged to transfer some hospital services to community-based settings if it can be shown that this would result in more efficient, responsive and convenient service.

Rural hospitals face a different challenge. In some cases they are underutilized. Rural hospitals may have space, equipment and resources that could be put to better use if they were to become more closely linked to urban hospitals. They could offer additional capacity for post-acute, rehabilitative or convalescent care following surgery. Through formal agreements and partnership arrangements, larger rural hospitals could work closely with urban hospitals by providing less complicated acute care, basic surgical services and follow-up care. The smaller rural hospitals could be converted into primary care facilities offering a variety of multi-disciplinary services to the surrounding communities. In most cases, a revitalized role for rural hospitals will depend on optimum use of innovative health communications technology such as telehealth and Capital Health's Critical Care Line.

Direction and Implementation

The collective planning process between regional health authorities and Alberta Health and Wellness will include options for changing the role of urban and rural hospitals so as to provide better and more responsive service to Albertans. Changes may include shifting some day surgery and ambulatory care services to community settings, delivering more services through private surgical facilities, linking some rural hospitals to urban hospitals for the provision of less complicated acute or follow-up care and converting small rural hospitals to centres of multi-disciplinary primary care. If necessary, regulatory changes will be made.

6. Establishing Parameters for Publicly Funded Health Services

Policy Issue

Alberta spends more than nine billion dollars a year in public funds on health care. If public expenditures on health continue at the same rate of growth, the cost will increase to $25 billion by the year 2025 and will consume the total provincial budget by the year 2030. The cost of health care is driven by such factors as population growth, aging, new technologies and drugs, and increasing public expectations. A sustainable health system cannot be all things to all people and meet all their needs or expectations given the associated costs. We need to set clear parameters on what the public health system should provide and pay for and what should be the responsibility of individuals.

Policy Intent

Setting parameters for managing expenditure growth and limiting the services and benefits provided by the public health system is an essential, but not an easy, task. Simply redefining the schedule of publicly funded benefits and services is not the answer. We need clear criteria and a practical and flexible means of determining what should and should not be covered through the publicly funded system – rather than simply relying on a rigid list of approved services and benefits. It is clear that government cannot afford to fund every health service or every drug that can be prescribed. Government does not wish to become overly intrusive in the caregiver-patient relationship and impose strict limits on what

benefits and procedures a practitioner may prescribe. Other options and choices must be available so that Albertans will have the opportunity to decide for themselves whether they will pay directly for non-funded services, or plan for the future by enrolling in an appropriate insurance plan.

Direction and Implementation

Public funding will still be used for the essential kinds of health services. Alberta will build on the work already completed to implement the recommendations of the Expert Advisory Panel to Review Publicly Funded Health Services. Services and benefits which are discretionary, are not of proven benefit or are experimental in nature may not qualify for public funding.

7. Creating Long-Term Sustainability and Flexible Funding Options

Policy Issue

Albertans want a health system that is sustainable and affordable over the long-term and, at the same time, is flexible and responsive to their changing needs and values. The majority of the health benefits and services provided to Albertans are delivered through the public system and funded through a "single payer" (government) model that relies primarily on tax dollars. The public health system, however, is a "tight" system without much excess capacity. It is required to operate within the framework of annual provincial funding allocations that are judged to be sustainable and appropriately balanced against other competing priorities. The public system must not only meet steadily rising costs, demographic changes, limited manpower and increased public expectations, it must also be able to perform effectively and efficiently within defined financial limits and, at the same time, offer the public timely access, high quality care, flexibility, convenience and reasonable choice. A variety of alternative funding models need to be examined to see how they could be used to enhance long-term sustainability while allowing the public greater choice and flexibility.

Policy Intent

By allowing additional health system capacity to be financed through additional non-government payment sources, Albertans are expected to gain improved access and greater choice. There are, however, issues and risks that need to be addressed. For example, allowing people to pay privately for faster access to essential services could be seen as supporting preferential treatment for those with higher incomes (or individuals of greater financial means).

There are a number of alternative funding models that could possibly be implemented in Alberta. They include co-payment options, long-term care saving accounts, and various private insurance options. These alternative funding models can offer greater flexibility and responsiveness because they give people the option of customizing their services and benefit packages in accordance with their needs and wants. Insurance-based funding models would allow the health system to operate more like a private business. Private businesses survive by meeting consumer expectations and keeping their customers happy. If they do not, their competitors will put them out of business. There is no single private insurance model in Canada that is designed to meet all health related needs. Any proposed model for insurance-based funding will need to be carefully implemented on an exploratory basis so that Alberta can grow in experience and knowledge. It will also be necessary to consider how to implement safeguards to protect the public system and how to provide benefits to those unable to afford private insurance.

Direction and Implementation

Alberta will closely examine how various alternative funding models for health related benefits and services, such as prescription drugs, continuing care, dental care, allied (non-physician) health services and non-emergency acute care services, would work in this province. If appropriate, legislative changes will be introduced to ensure long-term sustainability and flexible funding options.

8. Expanding System Capacity

Policy Issue

Today's publicly funded health system has limited capacity in terms of its facilities and manpower resources. In some cases, capacity limitations have resulted in longer wait times for needed services. The private sector has shown itself to be willing and able to fill service gaps and complement the services of the public health system – while at the same time offering greater choice and convenience.

Policy Intent

Private sector service providers in Alberta's health system can be either for-profit companies owned by shareholders or not-for-profit organizations established for charitable purposes. Both have an important role to play in Alberta's health system – provided they can demonstrate strong performance in terms of cost effectiveness and quality. The private delivery of publicly funded health services is now well established. Private facilities add much needed capacity and complement the services provided by the public system. They give people greater choice and convenience. Service capacity in both public and private facilities cannot be expanded without ensuring that there is a sufficient supply of well-trained health service providers. Part of the solution lies in ensuring that training programs are able to meet the demand for highly skilled professionals. By encouraging professional teaching institutions to enter into agreements with both public and private facilities for the on-site training of undergraduate, graduate and postgraduate students, we may alleviate the problem of manpower shortages in certain areas.

Direction and Implementation

Where it makes sense, in response to identified needs, Alberta will expand system capacity and consumer choice in both the public and private delivery systems. The supply of skilled health professionals will be increased by providing on-site training opportunities in both public and private facilities in co-operation with professional teaching institutions.

9. Paying for Choice and Access while Protecting the Public System

Policy Issue

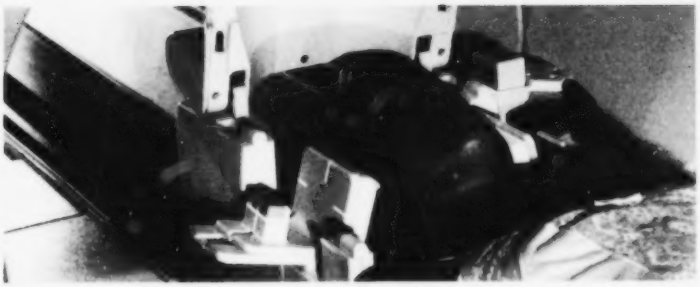
At the present time, provincial health legislation prevents physicians and health authorities from charging patients privately for providing medically necessary hospital and physician services. They are, however, able to charge for services such as cosmetic surgery if these services are not considered to be medically necessary. Physicians who would like to "opt-out" of the public system and charge privately for some services are required to opt-out for all services. This "all-or-nothing" approach limits the flexibility and responsiveness of the health system and gives people few options for dealing with unacceptable waitlists and wait times.

Policy Intent

People in need of health services to enhance their functionality and quality of life have shown a willingness to pay privately for health services in order to have quicker access. They see this as getting value for money and as allowing an important "safety valve" for people faced with unacceptable wait times. There is, however, a concern that, without incentives to increase overall system capacity, simply allowing individuals to pay privately for faster access could adversely affect wait times for those remaining in the public system. There are also economic issues that have to be considered. At the present time in Alberta, there does not appear to be a viable market for establishing a "private pay only" medical or surgical practice. A practitioner or facility operator wishing to provide services to patients willing to pay privately would likely also need to derive a portion of their income from public sources. In the case of professionals in short supply, it would be in the public interest to require them to commit a minimum amount of time to the public system.

Service providers should be encouraged to look for ways to offer people greater choice, convenience and satisfaction. Greater flexibility and reduced waitlists could be achieved by allowing both public and private providers to offer enhanced

SERVICE PROVIDERS WILL BE ENCOURAGED TO FIND INNOVATIVE WAYS OF PROVIDING IMPROVED CONSUMER CHOICE – PROVIDED THAT THESE INNOVATIONS DO NOT ADVERSELY AFFECT THE PROVISION OF ESSENTIAL SERVICES THROUGH THE PUBLIC HEALTH SYSTEM.



services and expedited access to a limited range of "non-emergency" services at an appropriate charge. This would not only provide a supplementary source of revenue to offset additional costs, but would also provide an incentive for expanding capacity and recruiting additional staff in order to reduce wait times for selected services.

Direction and Implementation

Service providers will be encouraged to find innovative ways of providing improved consumer choice – provided that these innovations do not adversely affect the provision of essential services through the public health system. Mechanisms will be required to closely monitor the impact of the private system on the public health system to enable corrective action to be taken to safeguard the public system if necessary. Prohibitions in the Alberta Health Care Insurance Act that prevent physicians from "opting-out" in certain circumstances will be replaced with provisions that will not adversely affect the delivery of services within the public system.

10. Deriving Economic Benefits from Health Services and Research

Policy Issue

Health care occupies a prominent place in the economic life of Alberta and accounts for roughly one-third of the provincial budget. National and international trade in health technology, drugs and equipment is significant and presents an important opportunity for Alberta industry.

Policy Intent

Alberta has made substantial investment in developing state-of-the-art capability in advanced health services and research. This investment in research results in improved care and provides evidence for building a better health system and evaluating Third Way progress. It also is capable of providing dividends in terms of business opportunities.

Such investment in expanding acute care capacity and improving cancer care and research are enabling Alberta to attract some of the best and brightest researchers and medical specialists. As a result, Alberta is achieving notable success in building a more diversified knowledge-based economy. The research done through the Alberta Heritage Foundation for Medical Research and other research institutions benefits not only the health sector, but other sectors such as biotechnology and nanotechnology.

The bottom line is that Alberta has a lot to offer the rest of Canada and the world in terms of its excellent health services and facilities.

Direction and Implementation

Alberta will capitalize on its world-class health service and research facilities and will encourage and assist in the national and international marketing of intellectual property and innovations developed in Alberta.

SUMMARY: EMBRACING THE FUTURE

Alberta stands at the crossroads and must make some critical policy decisions to guide the future of our health system. Alberta has an extraordinary opportunity to lead the country and show the world how a modern health system should function and serve the needs of its citizens without imposing an unacceptable financial burden that cannot be sustained. Albertans need to feel confident in their future. We have to get Albertans to become more actively involved in making decisions about their health and the health services they receive as well as give them options and choices in how these services are obtained and paid for.

This policy framework is intended to lay out the issues and directions that Alberta must follow to obtain the best possible value from the health system. The status quo is not an option. Albertans have told us they are ready to see some important changes put in place, changes that will give them better service. Our challenge is not necessarily to spend less money on health care, but to spend it more wisely.

The policy directions outlined in this paper will launch Alberta on a steady course aimed at achieving solid results in the following areas:

- Putting patients at the center;
- Promoting flexibility in scope of practice of health professionals;
- Implementing new compensation models;
- Strengthening inter-regional collaboration;
- Reshaping the role of hospitals;
- Establishing parameters for publicly funded health services;
- Creating Long-term sustainability and flexible funding options;
- Expanding system capacity;
- Paying for choice and access while protecting the public system; and
- Deriving economic benefits from health services and research.

APPENDIX I

Implementation Status of Recommendations of the Premier's Advisory Council on Health

Background

The Premier's Advisory Council on Health chaired by the Right Honourable Don Mazankowski was established by government in August 2000 to "provide strategic advice to the Premier on the preservation and future enhancement of quality health services for Albertans and on the continuing sustainability of the publicly funded health system." The Council's report was submitted to the Premier of Alberta in December 2001. It made 44 recommendations covering the following areas:

- Staying Healthy;
- Putting Customers First;
- Redefining What We Mean by "Comprehensive";
- Investing in Technology: Establishing an Electronic Health Record;
- Reconfiguring the Health System: Encouraging More Choice, Competition and Accountability; and
- Diversifying the Revenue Stream Instead of Rationing Health Services. Find Better Ways of Paying for the Health Services Albertans Want and Need.

Achievements to Date

The Health Reform Implementation Team took the 44 recommendations and consolidated them into 22 reform initiatives, of which 16 are complete and have been put into operation. They included such initiatives as the Alberta Wait List Registry, integration of mental health services into health regions, Health Quality Council of Alberta, the Electronic Health Record, alternate physician payment plans and a variety of health promotion initiatives.

The six areas which still require work include:

- continuation of primary health care reform;
- access standards for selected services;
- centralized booking;
- drug cost containment;
- full implementation of the Health Professions Act; and
- long-term funding for information technology.

Government created an Expert Advisory panel to review publicly funded health services, and an MLA Task Force on Health Care Funding and Revenue Generation. Although these committees completed their work, more work is required to clarify what services are included in the publicly funded health system and ways of diversifying the revenue stream.

Follow-up

Alberta's approach to implementing the recommendations of the Premier's Advisory Council on Health was to undertake a series of important initiatives to improve the functioning of the health system. Although this created a sense of momentum, it did not address many of the difficult policy questions. Government continues to look at other health systems world wide to identify alternatives that work best and why.

In May 2005, the Alberta government held an international symposium on health which brought in 29 experts from leading health systems around the world. There was general agreement that, no matter what health system is decided upon, it is critically important to base it on clear policy directions and a willingness to make mid-course adjustments to address real-world conditions.

On July 12, 2005 the Premier of Alberta and the Minister of Health and Wellness jointly announced a package of health renewal initiatives. These initiatives bring with them many policy challenges which are being addressed though the Health Policy Framework.